

# **LAND ASSEMBLAGE REDEVELOPMENT AUTHORITY ("LARA")**

## **REQUEST FOR PROPOSALS ("RFP") FOR AFFORDABLE HOUSING DEVELOPMENT**

LARA requests proposals for the construction of not less than five (5) nor more than forty (40) affordable houses on the properties identified on **Exhibit A** attached hereto. **Exhibit A** identifies 131 tracts, which will yield a total of 159 buildable lots. The tracts are to be developed and/or subdivided as more particularly described in **Exhibit A**. Those tracts designated for subdivision will be subdivided by the City or LARA prior to sale. Digital views of the tracts are attached as **Exhibit B**.

### **1. Payment to Builders**

Bidders are asked to bid on describing certain characteristics of houses they will build for \$99,000 or less. For multi-family units, primarily duplexes, the equivalent number is \$80,000. Those costs exclude land costs, closing costs paid by buyer, and certain marketing costs which will be paid directly by the City. That \$99,000 or less shall be paid out to the builder of the proceeds of closing, and should be bid to include the builders' margin. The builder will also be paid for the actual land cost at the time of closing.

### **2. Prices and Take Down for Lots**

The sales prices to be paid to LARA are shown on **Exhibit A**. **Exhibit A** also describes the number of units platted per lot. The lot price will be paid in full on the date of closing with LARA. A successful bidder may take down all lots awarded to it at the initial closing. Alternatively, a successful bidder may submit a one-year take-down schedule, with at least 1/3 of the awarded lots to be taken down at the initial closing, 1/3 to be taken down within 6 months thereafter, and the balance to be taken down within one year of the initial closing.

The details of the takedown will be commercially reasonable and defined in documents to be executed with selected builders. The closing will occur within 30 days of selection of the successful bidder. The lot will be conveyed in fee simple to the builder at the time of closing, with good title. The City and LARA have worked closely with one or more title companies to ensure the availability of title insurance. The Selection Panel may extend the time to close for a reasonable period.

### **3. Calculation of Sales Price to Buyer and Targeted Monthly Payment**

The sales price will be the total of the amount paid to the seller, \$99,000 (or less if the developer bids less), and the costs borne by LARA or the City, as shown above. Public funds will be used to defray the costs to the buyer to a monthly payment of between \$850 to \$950/month for a house with a \$99,000 amount paid to builder, exclusive of land costs, closing costs borne by builder, and certain marketing costs.

<b><u>Costs Included in \$99,000</u></b>	<b><u>Costs Not Included in \$99,000</u></b>
> Lot development costs, e.g., sitework, clearing, utilities from curb top (but <u>no</u> extraordinary environmental)	> Land Costs
> Builder's hard costs	> CDC fee, if there is a non-CDC builder
> Builder's soft costs, including margin and builder's marketing costs	> Closing costs paid by the buyer
> Builder closing costs	> Warranty inspection costs

### **4. Financing**

Down payment assistance would be made for qualified purchasers, based on the criteria and processes attached hereto as **Exhibit I**, which also includes special provisions applicable to qualified teachers, police officers, fire fighters and EMS personnel. We estimate down payment assistance will total \$20,000 to \$25,000 for the average household. All buyers shall pay at least \$500 from personal funds as a down payment.

### **5. Eligibility Criteria**

Bidders, to be eligible, must have a track record of building at least 12 residential units within the last 5 years, without significant valid customer complaints, and owe no delinquent taxes or other debt to the City.

If the bidder is not a community development corporation ("CDC"), the bidder must before closing enter into a contract with a CDC identified on **Exhibit C-1**, attached hereto, on terms substantially similar to **Exhibit D**, attached hereto. The CDCs listed on **Exhibit C-1** have been previously selected pursuant to a request for qualifications process using the criteria set out in **Exhibit C-2** attached hereto. Payments to the CDC will be paid out of closing proceeds.

## **6. Development Standards**

The properties are subject to the most stringent applicable building set-back standards pursuant to either: (1) recorded deed restrictions (as indicated in **Exhibit A**, attached hereto); (2) recorded subdivision plat or other existing recorded restrictions (as also indicated in **Exhibit A**, attached hereto); or (3) applicable City standards for new development (pursuant to Chapter 42 of the City's Code of Ordinances and as summarized in **Exhibit E**, attached hereto).

Each of the properties also would be subject to new recorded deed restrictions in the form attached as **Exhibit F** attached hereto. The new restrictions control the development and sale of the lots as affordable housing and, impose income limits and residency requirements on the qualifying home buyers.

NOTE: All construction must be warranted for a period of at least one (1) year. Third-party inspections by qualified inspectors will be performed on all homes before the expiration of the warranty period at LARA's cost.

## **7. Construction Standards**

Houses may be of pier and beam or raised construction. Houses may not exceed two stories; shall have hookups and room for side-by-side washers and dryers; shall have space for a 30" cooking range and a 36" refrigerator.

All bidders must certify that they will build into the units the energy efficiency standards incorporated in **Exhibit G**, attached hereto. The City or CenterPoint will reimburse the builder for up to \$4,000 of the incremental expenses associated with these enhancements, with that amount being paid to builder at closing to a sale of the completed house.

The bidder shall provide one or more proposed site plans, floor plans and elevations, and information that would assist in the ranking of each bid for each lot, including the following:

- a. Foundation construction for each house.
- b. Exterior materials and treatments.

- c. Roof materials.
- d. Window type and construction.
- e. Energy efficiency features and Energy Star ratings.
- f. Mechanical system construction, tonnage, and SEER rating.
- g. Specifications regarding Electrical System design.
- h. Specifications regarding Plumbing System design, as well as types of fixtures and tub/shower enclosure construction.
- i. Interior Finishes.
- j. Specifications regarding millwork and cabinetry construction.
- k. Specifications regarding features of the house that enhance security of the house and residents.
- l. Specifications regarding long-term durability and maintenance of the materials and systems within the house.
- m. Specifications regarding landscaping features including, driveway and trees, both existing and proposed.
- n. Specifications regarding other amenities such as garage, fencing, or other, if applicable.

The builder need not specify a particular site configuration on the specific lot. If there are multiple plans submitted, then the plan(s) suitable for each lot will be determined and finalized in documents prior to closing.

## **8. Utilities and Building Permits**

Information concerning the water and sewer utilities to the curb, and the location of the utility tie-in for each lot, is shown on **Exhibit H** attached hereto.

The City will waive impact fees and will bring taps to the lot edge. All other lot development costs will be the sole responsibility of the builder.

For each lot there will be an identified City employee reporting directly to the Mayor's Office with the responsibility of performing those permitting responsibilities of the City on an expedited basis.

A special team will be available at CenterPoint Energy to expedite correction of electricity and gas service.

## **9. Environmental**

The properties are offered in their existing environmental condition. EPA Phase 1 environmental assessments will be completed on all properties by June 10, 2006, and these reports will be available for reference to determine environmental conditions in

advance of purchase. LARA and the City reserve the right to delete properties from this RFP based on the results of the Phase 1 assessments.

## **10. Inspection Reports**

**Exhibit L** contains a number of Inspection Reports, which cover visible existing structures or foundations, elevations, trees and other vegetation, septic systems and utilities in place, and which are available for each property. The reports are based on visual inspections only. The reports may serve as an aid in estimating the cost of site preparation work, however, each bidder is responsible for verifying site conditions.

## **11. Completion of Construction**

Dwellings must be ready for occupancy within 150 calendar days of financial closing on the lot purchase, on the agreed take-down schedule. The City of Houston may, at its discretion, extend this deadline for a reasonable period.

## **12. Award Process**

Bids will be awarded based on a scoring by the Selection Panel based on the criteria and weightings defined in **Exhibit J**. The quality and livability of the structure, the experience of the builder, and the amount paid to the builder will be the features of the bid most highly weighted. The Selection Panel will be comprised of a limited number of individuals from the LARA Board of Directors (representative of the major tax jurisdictions) and disinterested housing professionals selected by the Mayor of the City of Houston.

All responses to this RFP shall be filed electronically with the City, by submitting plans and documents via email attachment(s), in PDF format (Portable Document Format), to [LARA@cityofhouston.net](mailto:LARA@cityofhouston.net). Delivery of hardcopy documents is not acceptable. Delivery of proposals by standard or certified mail is not acceptable. If email attachment size, access to Internet service, or other technical considerations make email transmission impractical, the PDF files may be copied to CD, or DVD and delivered in person to:

*City Of Houston  
Planning and Development Department  
611 Walker Street  
6<sup>th</sup> Floor Lobby  
Houston, TX 77251*

The Selection Panel reserves the right to request additional information, after submittal, as may be necessary to adequately assess each response. The Selection

Panel further reserves the right to delete or substitute properties at its sole discretion for any reason and at any time and to change this RFP process and the timing of any actions, based on its needs and on the responses.

### **13. Negotiation with Bidders on Adding or Subtracting Lots**

Because bidders are allowed to choose from 5 to 40 lots which they seek to buy and develop, it is possible that some lots may receive no bidders and other lots may have multiple bidders. It is the intention of LARA and the City of Houston to obtain purchasers for the maximum number of lots. For this reason, a member of the Selection Panel may negotiate with private or CDC builders to determine if there is a mutually-agreeable basis for the addition of lots to some bids. No additional lots will be required as a condition of the bid, unless it was on terms agreeable to the individual builder.

If there are multiple acceptable bids covering the same property, then the desire to obtain some competitive product in the same area might be a consideration in determining the bidder selected for a certain lot, in addition to the criteria listed in **Exhibit J**.

### **14. Option to Develop Other Lots Owned by LARA**

By the time final bids are due in response to this RFP, LARA may own 100 or more additional properties to be developed. The successful bidders may be given the option to develop lots in the vicinity of the lots on which they have bid, on terms and conditions substantially similar to those in this RFP. That option, along with negotiations described in Section 13 above, may result in a successful bidder obtaining the rights to buy and develop more than 40 lots.

### **15. Option to Develop Additional Properties not Owned by LARA**

Successful bidder-developers are encouraged to independently acquire additional lots in Houston Hope neighborhoods. Provided that such lots are made subject to the additional development and occupancy deed restrictions in the form attached hereto as **Exhibit F**, all terms of this program which provide incentives for developers, including expediting permitting, the financing of interim construction, down payment assistance, etc., may, upon further review and authorization by LARA and the City, be available to a successful bidder who owns or acquires, at the developer's expense, up to 20 additional lots without habitable structures in any or all of the Houston Hope areas, as shown within the maps as marked on **Exhibit K**. A list of abandoned lots acquired by others in foreclosure proceedings in the last 24 months is also shown on **Exhibit K** attached hereto. Those lots would need to be acquired no later than December 31, 2006. Properties acquired pursuant to this Section 15 and which

benefit from the incentives offered in this RFP, must be developed pursuant to all requirements of this RFP.

## **16. Marketing**

Proposals should include bidder's proposed marketing plan, together with a budget per house. The budget should include a proposed reasonable marketing cost, which in the case of houses to be marketed pursuant to **Exhibit D**, will include the amounts set out in **Exhibit D**. To facilitate marketing of the houses to prospective home buyers, the City and/or LARA will undertake to finance the construction of at least one model house in a Northeast neighborhood, to be used as sales centers for those areas as well as the other Houston Hope areas.

In addition to the builder's own marketing effort and any marketing by the CDC, the City and/or LARA will make available the sales services of approximately twenty (20) students, ten from Texas Southern University and ten from the University of Houston, who will have real estate licenses and who will receive a fixed fee for assisting in the sale and marketing of the houses. The City and/or LARA will pay for, or arrange for the payment of, the requisite academic credits and license fees. Further, the City and LARA encourage bidders to include in their proposals any other suggestions to enhance the marketing of these properties and ensure the commercial success of this homebuilding effort.

## **17. Security**

Builders shall be responsible for security at their building sites. The City and LARA recognize the importance of maintaining security in the targeted areas. Representatives of the City and/or LARA will be available at monthly meetings to discuss security concerns with builders and community representatives, and to increase police presence in the area as appropriate.

## **18. Listing of RFP Exhibits**

<b>Exhibit A</b>	Lots Subject to this RFP
<b>Exhibit B</b>	Lot Digital Photos and Map Locator.
<b>Exhibit C-1</b>	CDCs Qualified to Enter into Contracts with Builders
<b>Exhibit C-2</b>	Selection Criteria for CDCs Qualified to Enter into Contracts with Builders
<b>Exhibit D</b>	Contract Between Builder and CDC (where Builder is not CDC)
<b>Exhibit E</b>	Building Line Setback Standards
<b>Exhibit F</b>	Affordability Covenants

<b>Exhibit G</b>	Energy Efficiency Standards
<b>Exhibit H</b>	Lot Utility Information
<b>Exhibit I</b>	Summary of Homebuyer Assistance Program ("HAP") and Good Neighbor Next Door Program Guidelines
<b>Exhibit J</b>	RFP Evaluation Criteria
<b>Exhibit K</b>	Maps and List of Houston Hope Area Abandoned Lots acquired by Third Parties within last 24 Months
<b>Exhibit L</b>	Inspection Reports